



**PERMANENT
FILE**

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December 21, 2012

The Honorable Carl Seel, Chair
Joint Legislative Audit Committee

The Honorable Rick Murphy, Vice Chair
Joint Legislative Audit Committee

Dear Representative Seel and Senator Murphy:

Our Office has recently completed an 18-month followup of the Department of Economic Security, Division of Children, Youth and Families—Child Protective Services—Contractor Payments regarding the implementation status of the 12 audit recommendations (including sub-parts of the recommendations) presented in the performance audit report released in March 2011 (Auditor General Report No. CPS-1101). As the attached grid indicates:

- 9 have been implemented; and
- 3 have been partially implemented.

Unless otherwise directed by the Joint Legislative Audit Committee, this concludes our follow-up work on the Department's efforts to implement the recommendations from the March 2011 performance audit report.

Sincerely,

Dale Chapman, Director
Performance Audit Division

DC:ss
Attachment

cc: Clarence Carter, Director
Department of Economic Security

**Department of Economic Security, Division of Children,
Youth and Families—Child Protective Services—
Contractor Payments
Auditor General Report No. CPS-1101
18-Month Follow-Up Report**

Recommendation	Status/Additional Explanation
Finding 1: Division spent some monies inappropriately and should improve contractor payment oversight	
1.1 The Division should use its newly allocated internal auditors to:	
a. Conduct ongoing reviews of contractor and nonrecurring payments, including targeted reviews of contractor payments made between July 2004 and February 2010, identify and recover overpayments, and develop recommendations for operational improvements;	Implemented at 6 months
b. Analyze and investigate, as appropriate, the potential duplicate payments auditors identified but did not review and recover any monies paid in error; and	Implemented at 6 months
c. Conduct ongoing monitoring of division automated payment data, including producing and reviewing a quarterly report listing potential duplicate payments.	Implemented at 6 months
1.2 The Division should take steps to recover the more than \$51,500 paid to contractors in error if it determines that it is cost-effective to do so.	Implemented at 6 months
1.3 The Division should finalize its development and implementation of written payment-processing policies and procedures and ensure all payment-processing staff are trained on the policies and procedures.	Implemented at 6 months
1.4 The Division should complete consolidating its payment-processing operations and hire additional supervisory personnel to ensure payment-processing staff are properly supervised.	Implemented at 6 months
1.5 The Division should establish unique service authorization codes in the CHILDS system for all new client-specific invoiced services to improve the Division's ability to better detect duplicate payments.	Implemented at 6 months
1.6 The Department and the Division should ensure that division contracts clearly identify the types of costs that the Division will reimburse.	Implemented at 6 months

Recommendation**Status/Additional Explanation****Finding 2: Department paid nearly \$1.4 million in late claims without following required procedures, but has taken action to help ensure it appropriately processes these claims in the future**

2.1 The Department should ensure that its staff comply with its policy and procedures on processing prior year claims, including obtaining Department of Administration and/or legislative approval, as needed.

Implemented at 6 months

2.2 The Division should develop and implement policies and procedures to ensure payment-processing staff monitor contractors' adherence with contractual time frames for submitting payment claims and alert their supervisors when a pattern of noncompliance occurs so that corrective action can be taken.

Partially implemented at 18 months

The Division has developed policies and procedures and has implemented some aspects of these policies and procedures, such as regularly reviewing invoice receipt logs for overdue invoices. However, the Division reported that it does not expect to begin reviewing these logs for patterns of noncompliance until January 2013.

Finding 3: Division more consistently managing and safeguarding bus passes

3.1 The Division should ensure that its staff comply with its policy and procedures on securing and issuing bus passes.

Partially implemented at 18 months

The Division is conducting periodic audits to assess and help ensure staff's compliance with its bus pass policy and procedures. However, the audits have identified instances of staff noncompliance with the policy and procedures.

3.2 The Division should periodically reconcile bus pass logs and supporting documents to ensure that the number of passes purchased is reconciled to the number of distributed and undistributed passes.

Partially implemented at 18 months

The Division is conducting periodic audits to assess staff's implementation of its bus pass reconciliation procedures. However, the audits have identified instances where bus passes have not been reconciled or where the information needed for the reconciliation is not complete.